

Message Text

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PAGE 01 BRUSSE 01121 191727Z

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LIMDIS

USEEC

FOR AMB STRAUSS FROM HINTON. GENEVA FOR MTN

E.O. 11652: GDS

TAGS: MTN, EEC

SUBJECT: MTN

REFS: (A) BRUSSELS 994: (B) GENEVA 711: (C) BRUSSELS 1073:
(D) STATE 11873

1. IN REFLECTING ON MTN SITUATION IN LIGHT OF HAFERKAMP
LETTER (REFTEL A), TEXT OF COUNCIL CONCLUSIONS (REFTEL C)
AND DISCUSSIONS HERE, I WOULD MAKE THE FOLLOWING OBSERVA-
TIONS:

2. AL MCDONALD'S SUGGESTIONS (REFTEL B) CONCERNING RE-
SPONSE THAT MIGHT BE MADE TO HAFERKAMP AND AN ADDITIONAL
MESSAGE THAT MIGHT GO TO THE DANISH FOREIGN MINISTER, ARE
RIGHT ON TARGET.

3. AMBASSADOR RIBERHOLDT TOLD ME THAT THE MOST DIFFICULT
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PAGE 02 BRUSSE 01121 191727Z

PART OF THE COUNCIL EXERCISE WAS THE WORDING OF THE MINUTE.
HE STRESSED THAT THE PHRASE "THE COUNCIL CONSIDERS" IS THE
KEY SINCE "CONSIDERS" IMPLIES A JUDGMENT ABOUT WHAT WILL
HAPPEN, NOT A LIMIT ON WHAT MIGHT HAPPEN.

4. HOWEVER, THE REPUDIATION BY THE COUNCIL OF THE NO NET
EXCEPTIONS PLAN CERTAINLY MAKES SLIPPAGE FROM FORTY PER-

CENT MORE LIKELY AND I NOTE PRESS ACCOUNTS THAT THE JAPANESE ARE CONCERNED OVER THIS AND ARE ALREADY TALKING OF LOWERING THEIR OFFER. MY CONCLUSION IS THAT IT IS THEREFORE MORE IMPORTANT THAN EVER FOR THE US OFFER TO CONTAIN ABSOLUTELY MINIMAL EXCEPTIONS. OTHERWISE AL MCDONALD'S CONCEPTION OF THE FORTY PERCENT THRESHOLD FOR ENDING UP BECOMES TOTALLY IMPOSSIBLE AND THE DANGER OF EROSION WELL DOWN INTO THE TWENTY-FIVE-THIRTY-FIVE PERCENT BAND THE FRENCH ARE TALKING ABOUT BECOMES MORE LIKELY. IF INDEED OUR OFFER COMES IN AT OVER FIFTY PERCENT (REFTEL D) TO THE COMMUNITY, BILATERALLY THERE IS STILL A FIGHTING CHANCE TO END UP AT FORTY PERCENT.

5. THERE IS STILL ANOTHER KICKER IN THE COUNCIL DECISION. WHEN THE COUNCIL SAYS "THE COMMITTEE WILL ONLY IMPLEMENT ITS OWN CONCESSIONS AFTER COMPLETION OF THE PROCEDURES FOR PARLIAMENTARY APPROVAL, IN THE NECESSARY CASES, BY ITS INDUSTRIALIZED PARTNERS," IT IS DOUBLING ALL BETS SINCE IN EFFECT THIS MEANS THAT THE US CONGRESS WILL HAVE TO APPROVE THE ENTIRE PACKAGE BEFORE ANY PART OF IT CAN BE IMPLEMENTED. THUS, WITHOUT AS FAR AS I KNOW ANY PRIOR DISCUSSION WITH US, THE COMMUNITY HAS TAKEN AN ALL OR NOTHING POSITION AND PERHAPS DESTROYED THE OPTION IN THE US LAW WHICH WOULD HAVE PERMITTED PACKAGING OF SOME MEASURES FOR EARLY IMPLEMENTATION AND OTHER MEASURES DEPENDENT ON CONGRESSIONAL ACTION. WHILE I AM NOT AWARE OF

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PAGE 03 BRUSSE 01121 191727Z

CURRENT WASHINGTON THINKING ABOUT PACKAGING, THIS STRIKES ME AS POTENTIALLY DEVASTATING AND AS A MATTER WHICH STRAUSS MIGHT WELL WISH TO EXPLORE WITH HAFERKAMP AND COMPANY IN GENEVA NEXT WEEK.

6. PARAGRAPH EIGHT SEEMS TO ASSERT A UNILATERAL RIGHT FOR THE COUNCIL OF THE EUROPEAN COMMUNITY TO DECIDE WHETHER OR NOT THE NECESSARY CONDITIONS HAVE BEEN MET FOR MOVING TO THE SECOND STAGE OF TARIFF CUTS. I HAVE ALREADY TOLD BOTH RIBERHOLDT AND DENMAN THAT IN MY PERSONAL JUDGMENT SUCH A FORMULATION WOULD BE UNACCEPTABLE TO THE REST OF THE WORLD. ROBERHOLDT QUICKLY AGREED AND WHILE DENMAN GOT MY POINT, AND I THINK WILL BE ALL RIGHT, HE ARGUED THAT THE FORMULATION DID NO MORE THAN REFLECT THE REALITY THAT THE COMMUNITY WOULD ONLY MOVE TO A SECOND STAGE IF IT WERE IN A POSITION TO DO SO.

7. FINALLY, RIBERHOLDT AND ERSBOLL FROM COPENHAGEN AND OTHERS HAVE POINTEDLY DRAWN MY ATTENTION TO ASSERTIONS MADE DURING THE COUNCIL BY A NUMBER OF MINISTERS THAT WITHOUT MONETARY STABILITY THERE WILL BE NO SUCCESSFUL TOKYO-ROUND CONCLUSION. HINTON

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